

**Proposal for the
Adaptive Reuse, Rehabilitation & Historic
Preservation of the**

JEB Stuart School

Norfolk, VA



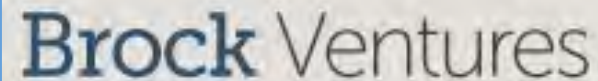
The Landmark Group
Brock Ventures, Inc.
KRP Investments, LLC

Mar 17, 2014

Developer Team

Brock Ventures, Inc. (Stephen Brock)

- www.brockvi.com
- MBA - Finance
- 7 years of affordable housing experience

The logo for Brock Ventures, featuring the word "Brock" in a bold, dark blue serif font, followed by the word "Ventures" in a lighter blue, sans-serif font.

KRP Investments, LLC (Karen Perry)

- CPA
- Ex – CFO of Landmark
- 12 years experience in affordable housing and historic rehabilitation

The logo for KRP Investments, featuring the text "KRP Investments" in a bold, orange, sans-serif font.

Developer Team

The Landmark Group www.landmarkdevelopment.biz

- Second generation, family owned business – Winston-Salem, NC
- 85 developments completed over 20 years
- Projects in 8 states – 10 in Virginia
 - 17 historic schools
- Long term involvement in each project
 - Developer
 - Guarantor – provides loan and operating guarantees for 18+ year loan term – never defaulted
 - Operator – property manages for min 30 years; guarantees operating budget and compliance
- Views communities and governments as partners
- Expertise in all facets of workforce housing and historic/adaptive-reuse

Proposal Summary

- 59 affordable apartments for Seniors (55+)
 - Governed under Low Income Income Housing Tax Credit program (LIHTC)
- Fully rehabilitated building - \$10.5MM total costs
- Preserved historic school building and grounds
 - Rehabbed to bellwether criteria of Secretary of the Interior's Standards for Rehabilitation
- + Earthcraft energy efficiency program
- Long term management and maintenance



The Landmark Way

Landmark's Mission

The mission of The Landmark Group is to plan, finance, build and manage renewal and revitalization projects that address local government development needs with unrivaled creativity, expertise and commitment.

To fulfill its mission, The Landmark Group must ensure that every such project:

- Maximize the safety, livability and design quality for the benefit of residents, occupants and other everyday users
- Meet its fiduciary responsibilities to public and private partners
- Focus on the growth and well-being of all participants in its projects

Landmark Historic School Preservation Developments

Year	Project Name	Location	Apt Units	Primary Financing	Target Pop.
1988	EA Swain Apartments	Edenton, NC	38	LIHTC & Rural Dev	Elderly
1989	LHS Apartments	Lenoir, NC	44	LIHTC & Rural Dev	Elderly
1995	Skyline Manor Apartments	Glasgow, VA	32	LIHTC & Rural Dev	Elderly
2001	Grainger Place Apartments	Kinston, NC	57	LIHTC	Elderly
2002	Central Lofts	Central, SC	19	Market rate	Family
2003	Vance Senior Housing Apartments	Henderson, NC	31	LIHTC	Elderly
2005	Randleman School Commons	Randleman, NC	30	LIHTC	Elderly
2005	Lassiter Square	Madison, NC	36	LIHTC	Family
2006	Cleveland School	Clayton, NC	25	LIHTC	Elderly
2006	Douglas School Apartments	Bristol, VA	41	LIHTC	Elderly
2006	East Harper Street Apartments	Lenoir, NC	46	LIHTC	Family
2007	Mulberry School Apartments	Statesville, NC	31	LIHTC	Elderly
2007	George Washington School Apts	Kingsport, TN	54	LIHTC	Elderly
2008	Central School Apartments	Bessemer City, NC	33	LIHTC	Family
2008	Mayworth School Apartments	Cramerton, NC	40	LIHTC	Elderly
2009	Historic Lofts of Waco High	Waco, TX	104	LIHTC	Family
2010	Westmoreland & Schoolfield Senior Apts	Danville, VA	65	LIHTC	Elderly

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Waco High -- Waco, TX



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Noland Green – Newport News, VA

Before



After



LIHTCs

- Low Income Housing Tax Credit
- Governed by Section 42 of U.S. Internal Rev Code
- Established 1986 under Reagan
- \$75B in product to date
 - Easily largest and most successful affordable housing finance program ever
- Construction subsidy, not a rent subsidy
 - J.E.B Stuart proposal LIHTCs = \$5.6MM or 54% of total costs
- Units must be held for and affordable to tenants earning between 40 - 60% of Area Median Income
- High and long term compliance, renter and property maintenance requirements
- Tenants must have enough income to pay real rents

Preliminary Net Rents

- 60% AMI Units
 - 1BR - \$715
 - 2BR - \$850
- 50% AMI Units
 - 1BR - \$585
 - 2BR - \$690
- 40% AMI Units
 - 1BR - \$447
 - 2BR - \$525

*Tenants must also pay own
electricity, phone, cable, heating,
and cooling.*

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Cleveland School – Clayton, NC



What is the public need?

1. Affordable, senior housing:

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	15	2,858	114	96.0%	0
MRT	1	260	0	100.0%	0
TMG	1	300	0	100.0%	0
TAX	3	278	0	100.0%	0
TGS	6	723	0	100.0%	0
GSS	14	3,248	0	100.0%	0

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

- No LIHTCs for Seniors in Norfolk built since at least 2006.
- Baby boomers retiring.
- Norfolk population grew by 5% since 2000.

Demand will therefore be very strong.

What is the public need?

2. Assist City of Norfolk govt:

- Remove a cost, risk, and time burden and liability from the City of Norfolk,
- Return revenue to the City of Norfolk via the purchase price,
- Create ongoing revenue through taxes and user fees to the City of Norfolk

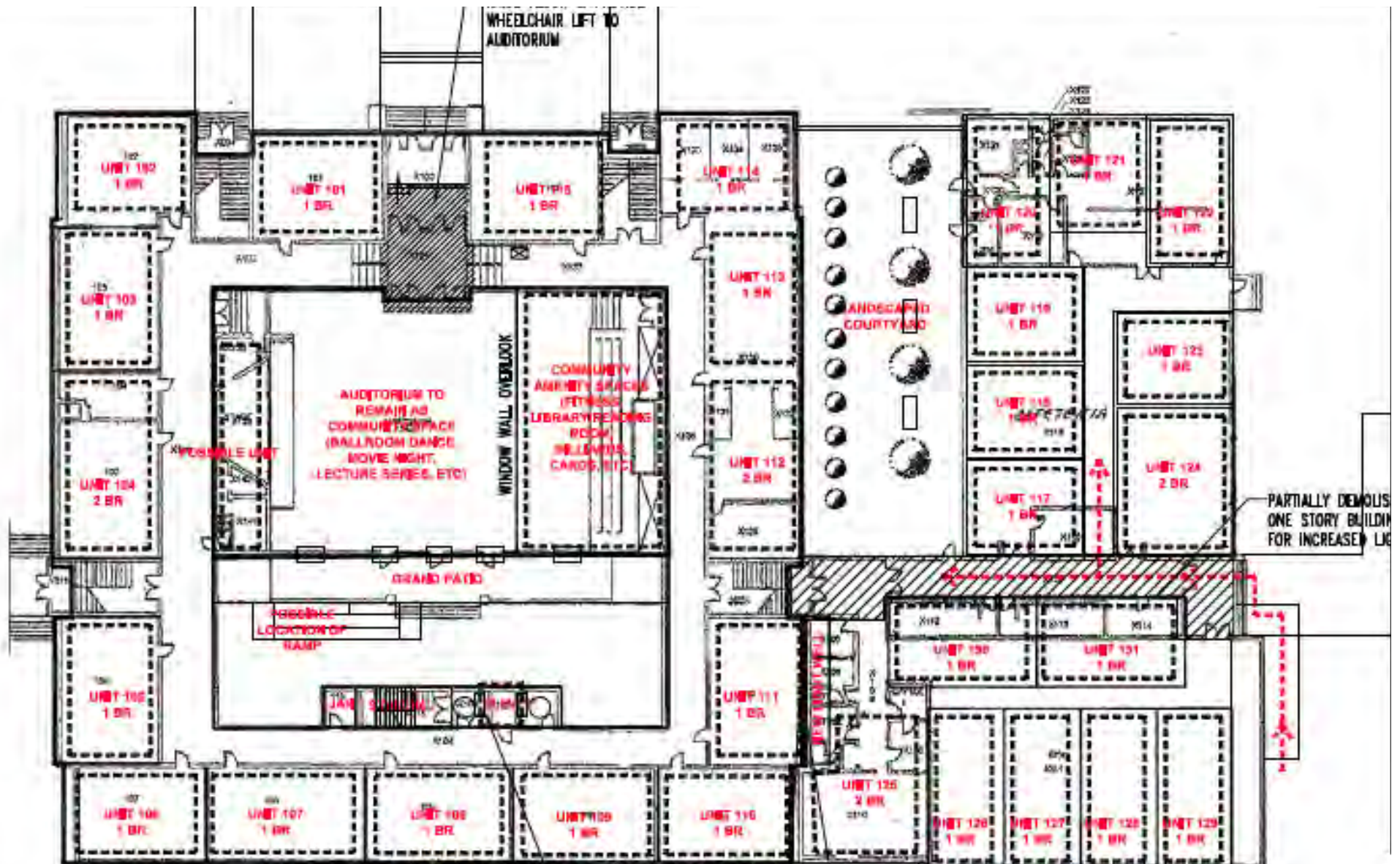
3. Revitalize:

- Transform blight into a safe, attractive and productive asset,
- Beautify the immediate area,
- Put more residents into the immediate area who can be customers of area businesses,
- Preserve a piece of local history,
- Infuse construction/development related monies into the local and neighborhood economy, and
- Create jobs

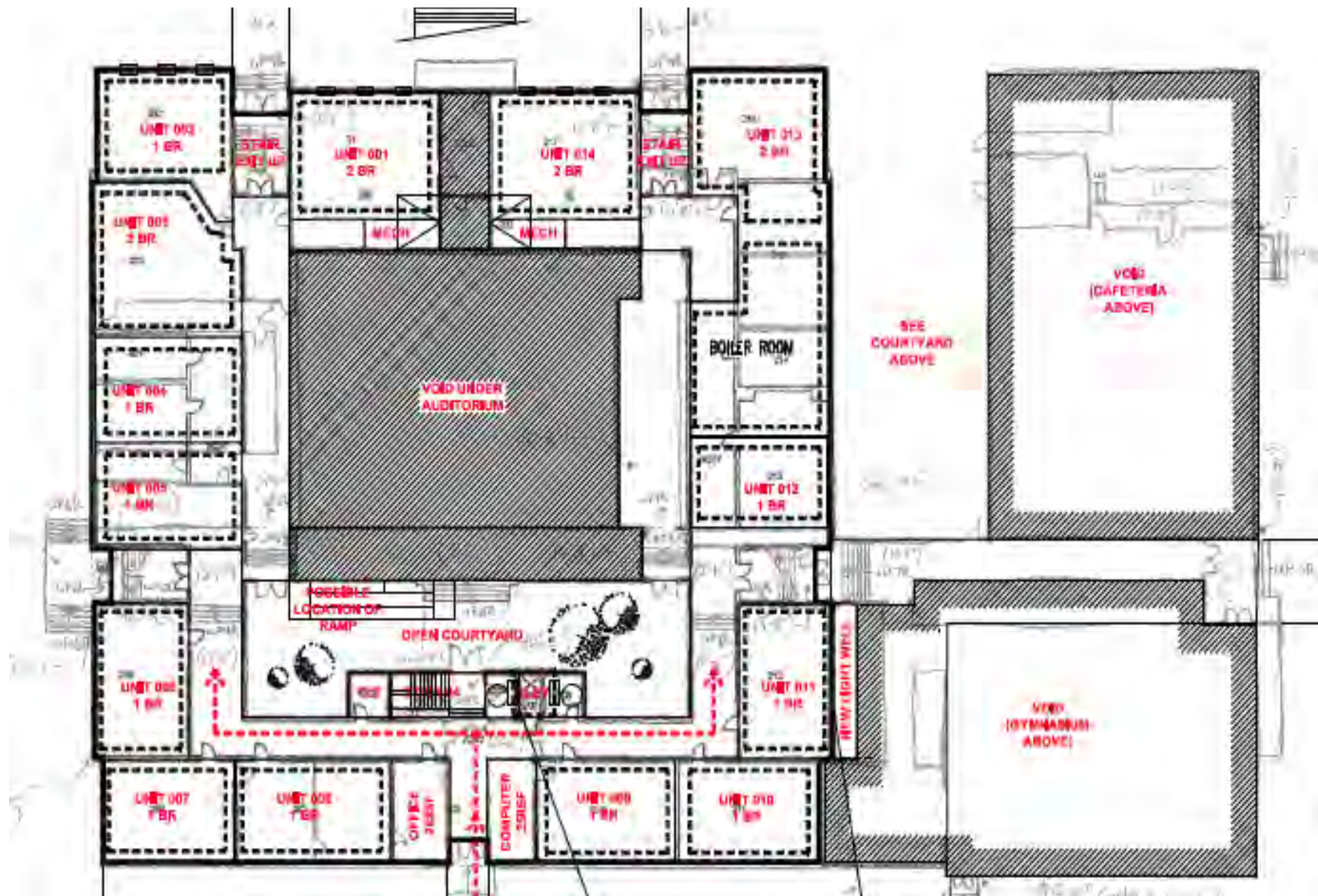
Economic & Job Impact

- Total project costs - \$10.5MM
- Total economic output generated - \$19MM
- Approx 72 direct, construction FTE jobs
 - 95+% local labor and regional suppliers
- Local businesses supported long term
 - marketing/advertising firms, grounds keeping firms, utility providers, exterminator, trash removal, and specialized maintenance and repair businesses

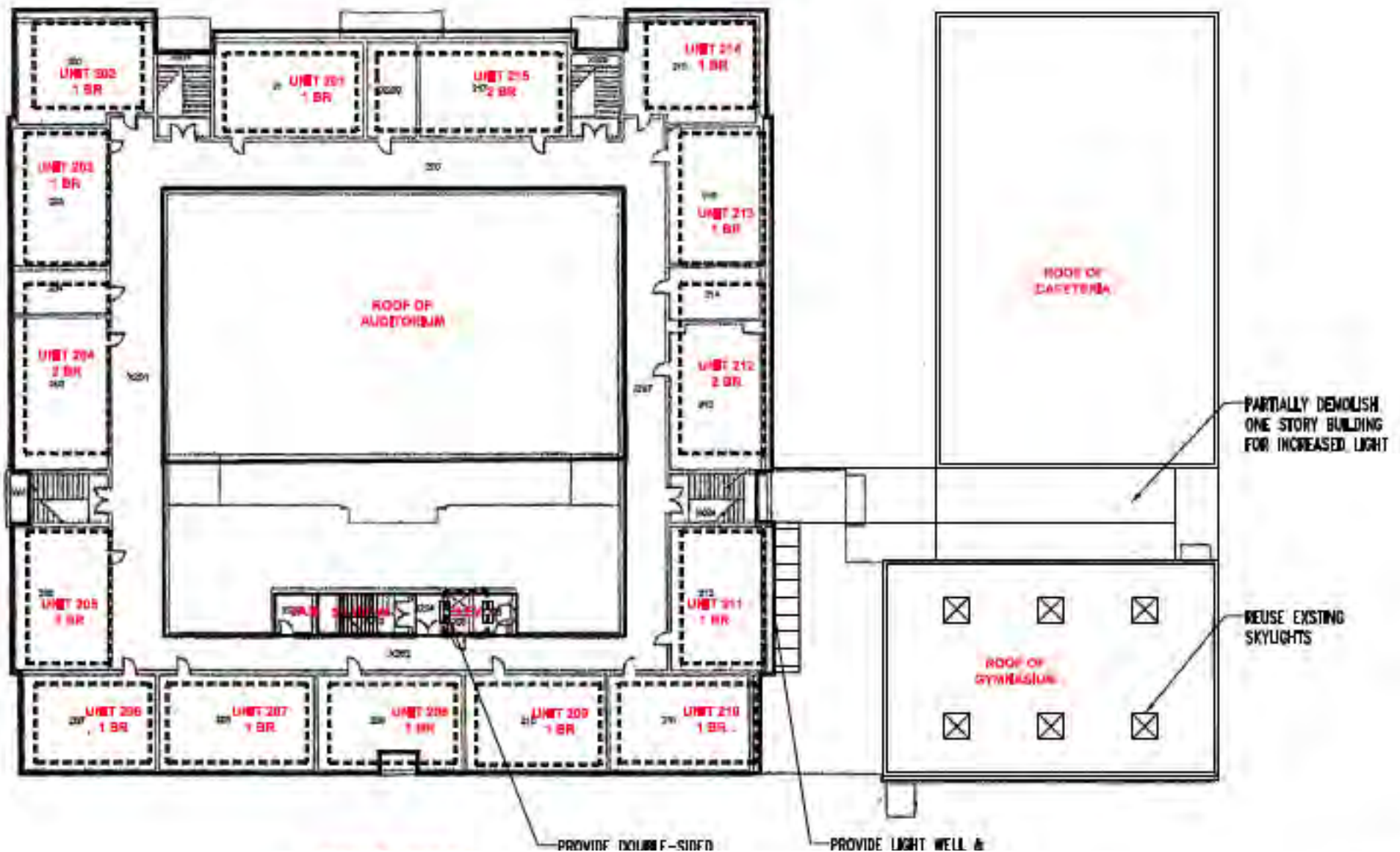
Ground Floor



Lower Level



Upper Level

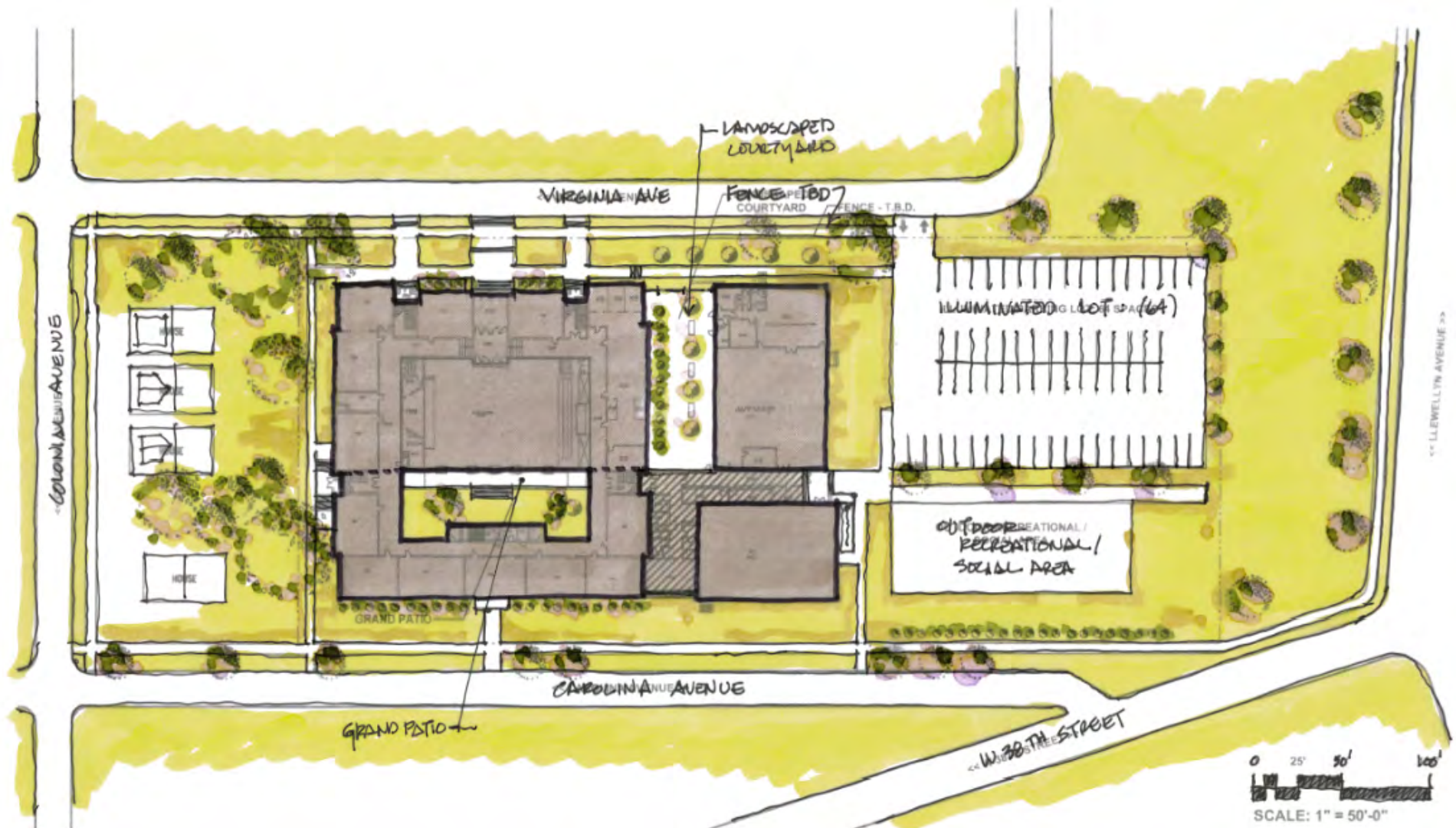


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Site Plan



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Courtyard & Terrace



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Auditorium



Interior



TYPICAL REUSE OF CLASSROOM ELEMENTS



TYPICAL RESTORED WINDOW CONDITION

Restore Window Openings



VIRGINIA AVE. ELEVATION

REMOVE MODERN STUCCO
INFILL & PROVIDE WINDOW

Landmark Property Management Company

“Anyone can build a monument; the acid test is maintenance”

-- Eric Hoffer

- Prop management arm of The Landmark Group
 - Safeguards Landmark’s commitments and long term interests
- Founded in 2001
- Currently manages over 3,500 units in 85 developments in Southeast US
- Driven to create actual communities within the buildings and broader neighborhood, not just maintain an asset

Building & Maintaining a Community

1. Full time property management and maintenance – resident centric!!
2. High renter standards
 - No incentive to rent to or keep non-performing tenants
3. Community activities & facilities
 - Social gatherings and holiday parties
 - Community vegetable and flower garden
 - Resident council
 - Equipped computer, playground and fitness rooms
 - Common area (auditorium) for social events and meetings
4. Strong, long term maintenance provisions

Staffing

- Full time site manager (30 – 40 hrs/week)
- Full time maintenance person
- Part time janitor or cleaning service
- Regional Manager
- Home office:
 - property management support staff
 - compliance staff
 - Executive Director of Property Management

Resident Screening

- Applicants must have:
 - verifiable income adequate to cover rent and living expenses
 - acceptable credit history, esp good rent history
 - acceptable criminal history – no major offenders regardless of time elapsed.
- Manager has rejection discretion re any other applicant circumstances

Resident Screening (cont'd)

- All applicants must pass a credit/criminal screening run by a 3rd party vendor. Landlord verifications are also collected.
- Household income cannot exceed income limits set forth by state agency. Income limits based on number of occupants in household.

Key Management Policies

- At least a full time property manager on site with monitoring on the weekends. Always on call for emergencies.
- Residents who fail to pay rent or violate major rules are evicted, subject to locality's process
 - No right to stay
- Household occupancy standards are 2 occupants per bedroom.

Community Features

- Exercise and recreation facilities
- Resident computer center
- Resident Events - barbeques, community Halloween, Christmas, Thanksgiving, etc.
- Resident Council
- Adult Scholarship programs
- College Scholarship programs
- Home purchase & credit education
- Financial management and planning education

Long Term Maintenance

- Full time property maintenance person – on call 24/7
- Part time janitor
- Maintenance expenses/allowances built into annual operating budget
 - Elevator, HVAC, decorating, etc.
- Operating Reserve -- approx \$120,000
- Mandatory Replacement Reserve funded annually out of cash flow
 - Long term roof replacement, cabinetry, etc.
- Preventive maintenance contracts (HVAC, etc)

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Globe Tobacco – Mt. Airy, NC



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What's in it for Colonial Neighborhood?

- Quiet neighbors
- Fully rehabbed and preserved historic building
30 - 50 years physical lifetime
- Elimination of blight; beautified immediate area
- Quiet day to day use
- More residents as local business customers
- No uncertainty for building's future use
 - no risk of unfavorable use or commercial tenants
- *Did we mention quiet?*
- Good neighbor with auditorium for events
 - holiday parties, community meetings, performances, etc
- Long term management and maintained building
- Local jobs and suppliers supported during construction



